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pa. Drw  
ccpw WSM 020/9 12/6

Dear Dave,

US/MALTA

1. Your letter of 1 June to Stephen Lamport, in which you asked for a report on how the US Administration are likely to pursue their relations with Libya, crossed with my letter of 29 May to Peter Torry (not to Rome).

2. My letter set out the general approach which State are at present adopting. I will keep my eye on how this evolves: but I do not expect any early policy initiatives. On the Libyan angle, I do not detect any concern (or surprise) here that the Libyans were quick to send a civilian delegation to Malta after the elections. The Administration accept that the facts of geography require that Malta maintain reasonable relations with Libya. What caused them particular pain were the reports that the Libyans were seeking, and the previous Maltese Government might have been willing to concede, some secret agreements on military cooperation. They have been reassured to hear Fenech Adami make plain that there will be no military cooperation with Libya. So in short, while the Administration will continue to watch this aspect closely, they seem to be fairly relaxed about the present state of Malta/Libya relations, and Fenech Adami's declared intentions on that score.

As do  
we -

Y  
we,

P F Ricketts

cc: Chancery: Valletta  
Rome

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①

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Mr. Rickett  
Mr. Abrison } f.c.  
with p. 2. B.S./

Dear Nigel  
LIBYA / US oil ✓

4/ We spoke about your letter of 30 December on the article in "Business" alleging that Lonrho might be considering the acquisition of the residual US oil interests in Libya.

I made four points:

- (a) as I understand it, the US Government decree allows the companies concerned to retain title to their assets in Libya or to sell them to Libyan interests. Before these interests could be purchased by a third party, it would be necessary for the Libyan Government or a Libyan company to acquire them first;
- (b) when the article was published, Mr Paul Spicer, a director of Lonrho, said "I am not going to discuss an article which is inaccurate from A to Z. The article is a load of codswallop and sensationalism. It is peppered with misquotations and inaccuracies". However, Mr Rowland refused to comment at the time;
- (c) the Guardian of 27 November quotes Mr Bill Ryder, Vice President of Marathon Oil, one of the US companies involved, as saying from the company's Ohio headquarters that he had no knowledge of such a deal;
- (d) OSO have pointed out that Lonrho have in the past expressed some interest in oil interests in Angola and Sudan, so an interest in Libya would not be out of the question.

There has been little comment in the trade press since the article appeared in "Business" at the end of November. In view of this and the points above, I am slightly reluctant to make specific inquiries of UK oil companies which are unlikely to have any firsthand intelligence. However, I will take the opportunity of any other contacts to raise the subject.

yours ever  
Wally Rickett

W F S RICKETT

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Thames House South  
Millbank, LONDON SW1

Your reference

Our reference

Date 30 December 1986

MEL 162/423/1	
1 JAN 1987	

Dear Willie

LIBYA

1. Our Secretary of State recently saw the attached article in "Business" alleging that "Tiny" Roland might be considering taking over residual US oil interests in Libya.
2. In view of the serious implications of such an allegation, we should be grateful for your views based on your usual contacts with the oil industry. We shall need to submit to the Secretary of State early on in the New Year.

Yours ever

N O Rampton  
Energy, Science and Space Department



The boss of Lonrho, Tiny Rowland, is bidding to take over a billion worth of US oil assets in Libya. In an exclusive interview, the maverick businessman tells of a possible deal with Gaddafi.

# LONRHO'S LIBYAN LINK

CHRIS BLACKHURST

**E**ven in the devastation of a bombed Tripoli the visitor looks immaculate. He is tall, silver haired with frighteningly clear blue eyes. He is Roland "Tiny" Rowland. He has flown to Libya in his private Gulfstream III jet to negotiate the biggest deal of his life. With him is Colonel Moammar Gaddafi.

Rowland, the chief executive of Britain's Lonrho group, is secretly negotiating with Gaddafi to take over US oil interests in Libya. "The most striking thing I saw was the bed where his daughter was killed," Rowland says.

In June, two months after his F1-11s pounded Tripoli in retaliation for alleged Gaddafi-directed terrorist attacks, President Ronald Reagan ordered US oil companies out of Libya. Since then, their rigs and pipelines, worth £1 billion, have remained idle. Gaddafi cannot afford to buy them. He desperately needs someone to continue pumping 500,000 barrels a day - 45 per cent of his country's oil output. Rowland is determined to be that man.

The deal that Rowland hopes to announce shortly will once again thrust him into the headlines as the UK's most controversial businessman. He knows he will be portrayed as a friend of Gaddafi, the man whose diplomats were flung out of Britain after the murder of PC Yvonne Fletcher outside the Libyan embassy in London's St James's Square in April 1984.

That anyone should even contemplate doing such a deal will be seen as astonishing, outrageous, perhaps even treacherous. But Rowland is not anyone. He is the only man capable of doing such a deal. Rowland runs Lonrho, a £2.6 billion-a-year multinational conglomerate. He has no peers in Britain. And no titles. He is an outsider, the only

chief executive of a multinational conglomerate to have a City of London headquarters. Yet he has been shunned by Britain's leading financial institutions.

He has always been capable of doing the most breathtaking deals abroad. In Britain, however, he is more famous for failing in his eight-year fight for House of Fraser (HOF) and Harrods than for his successes. He feels persecuted by Prime Minister Margaret Thatcher but is feted as a friend by Third World leaders.

In an exclusive interview with BUSINESS, Rowland talked of his battles with the Establishment, his shattered dreams, and how, after the disappointment of House of Fraser, he now believes Lonrho is on the march again.

Any conversation with Rowland inevitably turns to House of Fraser and, he claims, government persecution of Lonrho. He has a point. Lonrho has been investigated on no less than six times by the Department of Trade and Industry and the Monopolies and Mergers Commission. Three of those inquiries centred on his plans for House of Fraser. For eight years, from 1977 to 1985, Rowland stalked the department store giant. He turned what should have been a straightforward acquisition into a personal feud. His 29.9 per cent stake gave him a seat on the HOF board. Once there he fought the then chairman, Professor Roland Smith, at every turn. HOF shareholders were bombarded with Lonrho circulars, many of them extremely critical of Smith. The Rowland/Smith battle was never far from the headlines.

Nobody has ever really understood why Rowland should be quite so obsessed with House of Fraser. For the first time, Rowland has revealed what his motives were. He claims that HOF was to be the springboard for a retail and publishing empire.

"I conceived in 1975 a global plan for Lonrho," he says. "I was really thinking five years ahead when I went after House of Fraser." He claims that he had agreed with Alex Jarratt, the then chairman of Reed International, and his successor, Leslie Carpenter, to purchase Reed's newspaper, the *Daily Mirror*. He says: "We had a deal to buy the *Mirror* for £50 million." But Lonrho already owned *The Observer*, and would almost certainly have been the subject of another Monopolies and Mergers Commission investigation. Rowland says: "We fully expected the House of Fraser bid to go through, and we would have concluded that deal (for the *Daily Mirror*) afterwards".

However, the government found against Lonrho on HOF. Rowland's fellow Lonrho director, Terry Robinson, says: "We knew that we had no chance at that stage of pushing through another Monopolies inquiry, when we were just on the rebound from House of Fraser." The *Daily Mirror* and House of Fraser were just part of Lonrho's expansion plans. "We had first option to buy 51 per cent of Woolworths in England," Rowland says. "We could not do it while we were still talking to the Monopolies Commission on HOF."

An even bigger step would have seen a bid for the 850 US stores - including America's equivalent of Harrods, Nieman-Marcus - owned by Carter Hawley Hale. The US retailing group had been sounded out about an approach from Lonrho. "We had others lined up and were close to making an offer," says Rowland.

In the end, Rowland's Grand Plan came to nothing. He holds Margaret Thatcher responsible. He believes that the purchase by Al-Fayed Investments of House of Fraser,

Rebel roused: Rowland's planned Libya deal and Falklands revelations will upset the PM



and with it, Harrods, should have been prevented as being contrary to the national interest. Lonrho lost the chance to acquire House of Fraser after the government found there was a danger of reduced competition. Lonrho textiles has 2 to 3 per cent of the household bed linen market, and, HOF controls 2 per cent of the UK textile market. Rowland says: "We lost House of Fraser on a competition issue involving only 4 per cent of the market."

Even now, Rowland has not given up hope of acquiring House of Fraser. He is still waging war against its new owners. No less than eight legal actions - seven in the UK and one in the US - are being brought by Lonrho against the Egyptian Al-Fayed brothers - Ali, Mohammed and Salah. When asked about the Al-Fayeds, Rowland is, to put it mildly, unflattering. But his real venom is reserved for the government, for not investigating the Al-Fayeds. He now says that the government actively encouraged the £615 million foreign cash purchase to relieve pressure on the pound.

Further proof, if it were needed, for Rowland of the government's alleged persecution of Lonrho came earlier this year. The government put Land Rover up for sale - and then suddenly changed its mind. The City acknowledged that Lonrho was the best company to take over Land Rover. "We could sell 30,000 to 40,000 Land Rovers in Africa alone," Rowland says. Lonrho already distributes the vehicle in Africa. Lonrho's chairman, Sir Edward du Cann - himself a senior Tory MP - says: "I am hugely embarrassed that Lonrho has been so badly treated by this government."

**N**ow Rowland has a Grand Plan Mk II that he believes will relaunch Lonrho as a world force. He is turning to oil, to Japan and to China. In October, Lonrho announced its first move into oil and, significantly, its first major move into the US. Rowland is convinced that the oil price has bottomed out, and can now only rise. It has formed a \$180 million joint venture with US oil baron Robert Anderson - the ex-chairman of Atlantic Richfield Corporation - to exploit oil and gas deposits in the mid-West and Rocky Mountains. Rowland and Anderson know each other. Anderson sold *The Observer* to Rowland in 1981.

Central to Rowland's plans is a partnership with the Japanese trading house Nissho Iwai. With extensive interests throughout Asia, Nissho gives Rowland his window into China. This is believed to be the first time a UK company has forged such close ties with a Japanese house. Both companies have agreed to work together on joint ventures worldwide. The Japanese connection will provide financial support to

### Portillo said that Galtieri would be willing to discuss pulling out of the Falklands if he (Portillo) could get Mrs Thatcher to a meeting in Cancun.

Lonrho. Already, it has raised £100 million in Eurobond issues by the Japanese house, Nomura. Rowland has introduced the Japanese to many of his contacts in Africa. Lonrho will also be applying shortly for a listing on the Tokyo stock exchange. Rowland is so boastful as to the muscle of the new grouping, that he reckons he could take over any major competitor.

For Rowland, the timing of the Libya deal could not be better. According to Rowland, the probable vehicle for the US oil takeover will be a joint venture with the Libyan government. The deal is bound to cause controversy in Britain. But Rowland says he is aware of the risks: "It is a very sensitive subject and distasteful for a lot of people living in the UK."

Although Rowland knows Gaddafi, this time he contacted him through Ahmed Gaddafadam, a cousin of Gaddafi who works for Libyan security and intelligence. Rowland visited Gaddafi shortly after the US bombing raids. Du Cann explains: "He who gives when someone is in need gives twice."

The attractions of the US oil interests in Libya are obvious. Libya produces 1.1 million barrels of oil a day, of which 25 per cent belongs to the US companies. Libya has proven oil reserves for the next 54 years. Rowland says: "We take a long-term view. There are commercial opportunities which are not only going to be valuable to this company but also to this country."

Ironically for Rowland, the wheel has turned full circle. Fifteen years ago, he says, he came within 24 hours of preventing Colonel Gaddafi nationalising BP's interests in Libya. In 1971, Gaddafi claimed that Libya was owed £40 million by the UK government. With his strong Middle Eastern contacts, Rowland became a self-appointed mediator between Libya and the UK. Rowland suggested to the Foreign Office that if the UK met Gaddafi's demands, it would become Libya's number one trading partner. A Whitehall source says: "Rowland said that if we paid, he would give his word that the 'treasure houses' of Libya would open up to us." While Rowland was talking in terms of desert projects and trading links, the only Libyan asset that the FO could see was oil. The government denied it owed Gaddafi anything. More important, Gaddafi had just been accused of funding the IRA. The source says: "Our view was that Gaddafi's foreign policy was too dodgy."

And he emphasises: "Tiny Rowland has no time for the finer points of foreign policy. To him diplomacy is a tremendous game." Gaddafi recovered the money he claimed by nationalising BP's Libyan operations, worth £38 million in 1971.

There is not another businessman in Britain who would attempt the Libya deal. Rowland has long since lost faith in the government and he has never toed the party line. Those seeking Thatcher's attention and favours are feted by the government. Rowland receives more dubious honours. Lonrho holds the distinction of being the most investigated company in Britain. The Libyan deal is Rowland's revenge. It has all the elements of a classic Tiny Rowland move - negotiating with a head of state in the continent he loves, stealing a march on competitors, a potential bonanza for Lonrho, and above all, cocking a snook at the British government.

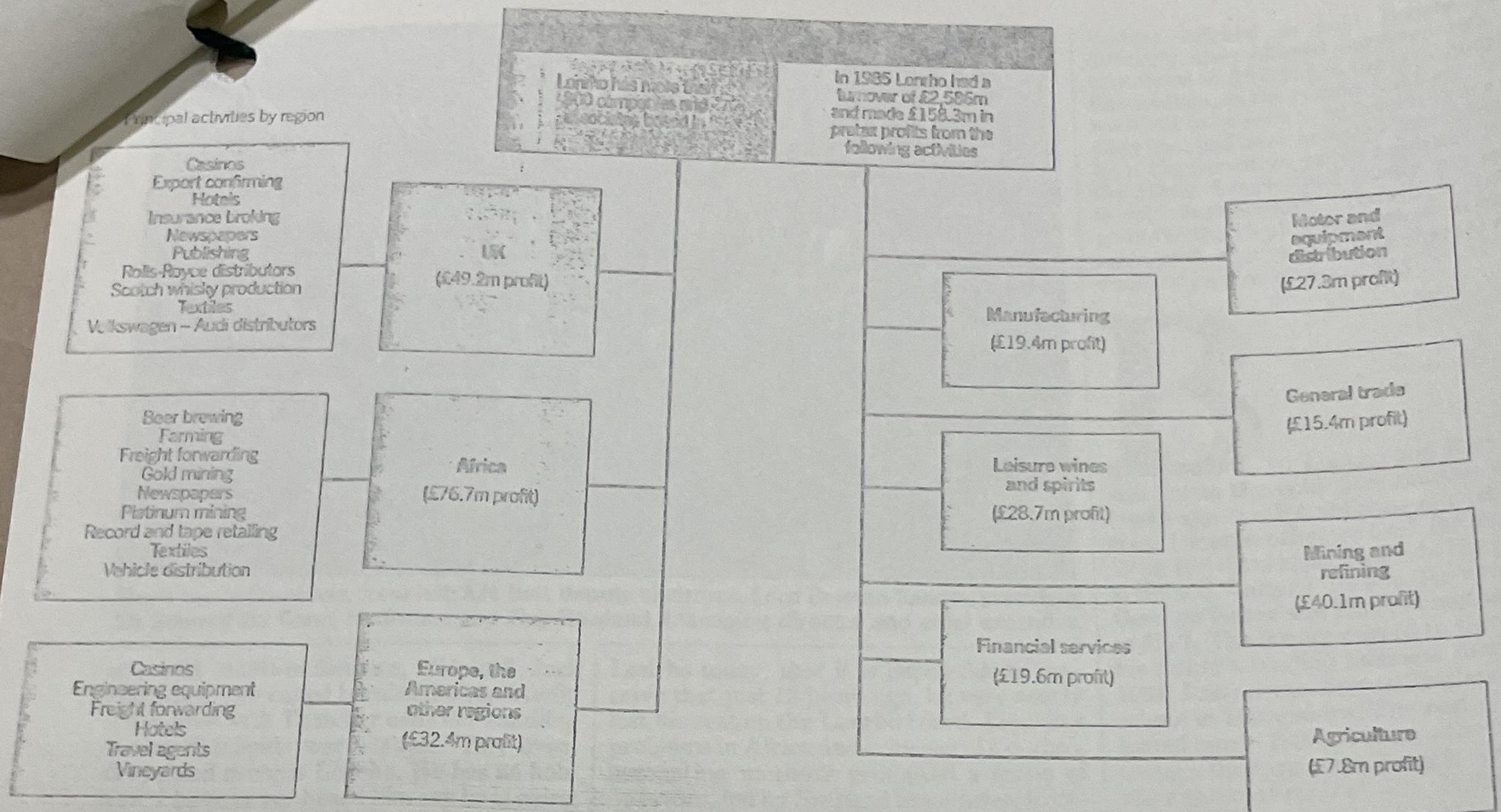
If Rowland had been an American, his business success would have made him a folk-hero and possible US presidential candidate. At 69, he would stand alongside Armand Hammer as a self-made multi-millionaire who loves to roam the globe talking to world leaders. Rowland even had a hand in laying the groundwork for the negotiations which led to the Camp David agreement between Egypt and Israel. His friendship with the then secretary to Sadat, Ashraf Marwan, enabled Rowland to be used as an unofficial go-between, away from the media glare. He says: "I am just as happy dealing with Israelis as I am dealing with the Egyptians."

Rowland also says that Thatcher did not take up a secret offer of talks with the Argentinians which, he believes, might have prevented the Falklands war. He says he was in Israel on business when he received an urgent request from José Portillo, the then Mexican president, asking him to fly immediately to Mexico City. "It was just before the Falklands conflict, when Alexander Haig (US defence secretary) was flying back and forth trying to achieve a diplomatic settlement," Rowland says.

Rowland says he flew to Mexico City the same day in the Lonrho jet. He claims that Portillo said that he had spoken directly to General Leopoldo Galtieri, the head of the Argentinian junta. Rowland says that Portillo said to him that Galtieri would be willing to negotiate terms of a pullout if he (Portillo) could get Mrs Thatcher to a meeting in Cancun, a Mexican resort on the country's Caribbean coast.

Portillo asked Rowland to accompany Senator Rosell de la Lama, Mexico's then tourism minister and present governor of the state of Hidalgo, to London with the offer of mediation. Late last month, Rosell de la Lama confirmed that his peace mission did take place. He says: "It was a personal visit on behalf of José Portillo. I was the mail-man from him to Mrs Thatcher." Rowland was chosen for his influence in the UK and because, in Rosell de la Lama's words,





he is also "a good friend of Mexico".

Rowland and Rosell de la Lama arrived in London at 2:30 am and a meeting with Mrs Thatcher was arranged by Edward du Cann. Rowland says: "Du Cann took us to see Margaret Thatcher at Downing Street." At the meeting it was made plain that Portillo was offering his services as negotiator and intermediary for Anglo-Argentinian talks to take place at Cancun. Rosell de la Lama says: "Mrs Thatcher was charming. She was splendid."

When asked about her reaction to Portillo's proposals, Rosell de la Lama says: "She said that she would think about our offer." For his part, Rowland has no doubts as to the seriousness of Portillo's offer. "My conclusion is that the Argentinians were ready to talk," says Rowland. And, he says: "Mrs Thatcher thanked me, but we heard no more." While Thatcher may not have replied to Rosell de la Lama and Rowland - the messenger boys - it is inconceivable that she did not respond to Portillo's offer through diplomatic channels.

Rowland is no stranger to seemingly lost causes. When he joined the London and Rhodesian Mining and Land Company in 1951, a joint managing director, it was a disastrous throwback to Britain's imperial past. With a few mines and farms in Rhodesia, and some property in Salisbury, the company was going nowhere. According to former director, Angus Ogilvy: "It was just a ranching company with a couple

of tinpot mines. My feeling then was that we should either sell out or find a good man to run it." It employed 350 people, had a turnover of £4 million on which it produced profits of just £160,000.

Lonrho has grown through a relentless policy of acquisition and diversification. Inevitably, Rowland has made many enemies along the way. This year alone, he has added the recently-launched *Today* newspaper, and 10 brands of Scotch whisky to the group. (Lonrho now claims 16 per cent of the UK Scotch whisky market.)

Rowland now sits at the head of an empire of more than 800 companies, with 118,000 employees in 40 countries. He runs the world's largest car distributor - it owns the VAG franchise in the UK - and the third largest platinum producer. Lonrho is also Africa's largest commercial food producer. "I have done more for Africa than Bob Geldof," Rowland boasts. Last year, Lonrho reported pre-tax profits of £158.3 million on turnover of £2.58 billion. Analysts are predicting profits of £170 million for the recently-ended financial year. Lonrho's results are to be announced next month.

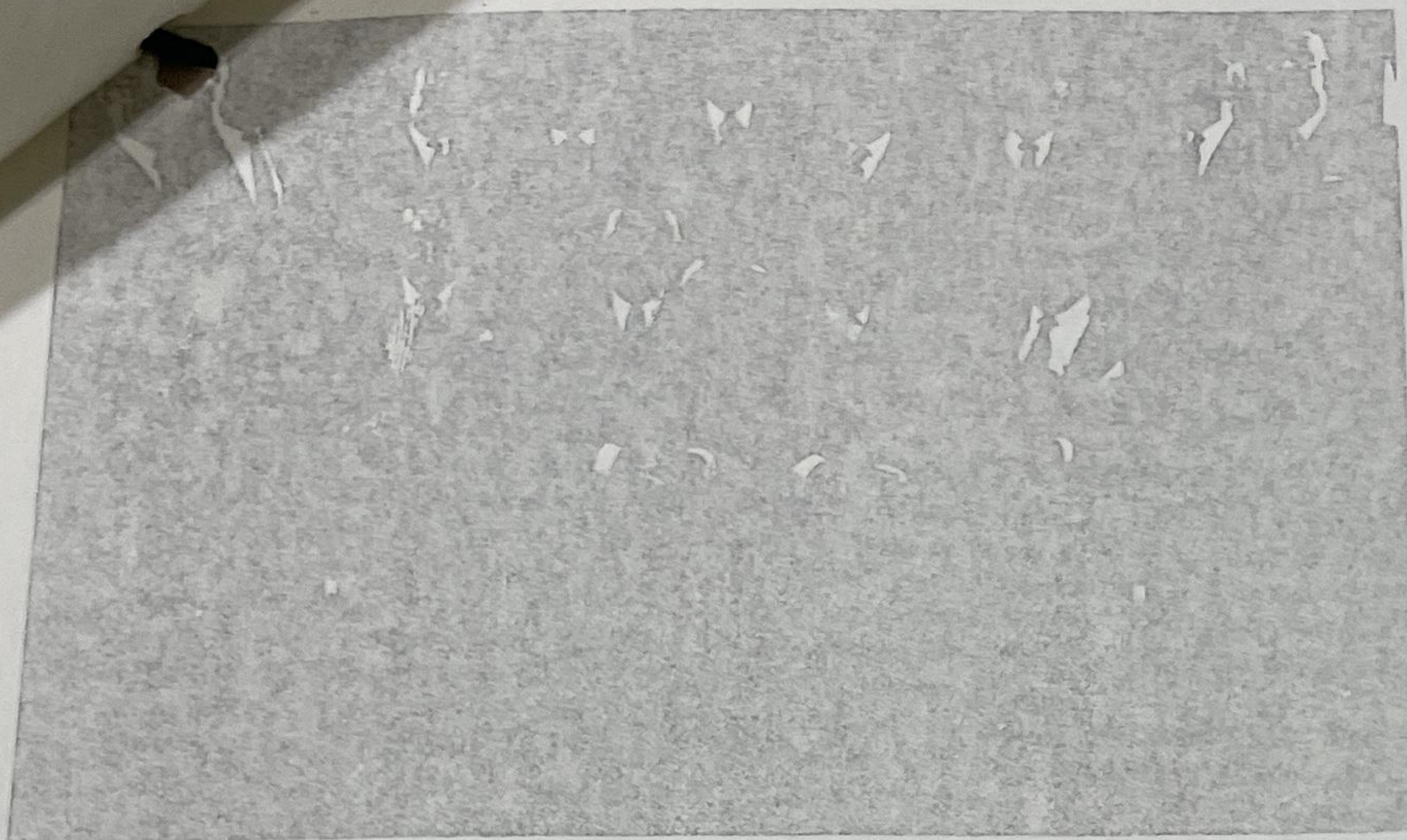
Rowland is much more than a mere chief executive. He is the group's major shareholder. He owns 52 million Lonrho shares, representing 18 per cent of the equity, worth about £150 million. Among chief executives of Britain's top 50 companies, no one comes close, except in family-run firms, to matching Rowland's holding. Lord Hanson has

the next highest, with 9 per cent of Hanson Trust. Last year, Rowland earned almost £7 million from Lonrho - £392,285 in salary and benefits, and £6.2 million in dividends. He says: "I have more money than I can spend." For a multi-millionaire, he jealously guards his possessions. He never throws anything away and has amassed huge collections of clothes and cars - Rolls-Royce and Mercedes are his favourites.

For all his success in Britain, Rowland is an outcast. He is the maverick of British business. The Establishment does not understand him - and it is partly his own doing. He does not share its values. He says: "I have no friends and I do not belong to any club," adding "why do I need to cultivate in clubs? I am entirely independent, both financially and socially." He is not in *Who's Who* although, significantly, he does have a short entry in the international edition. Lonrho's reception area does not stock *The Times*. Only *The Guardian* is available. When pressed, Rowland claims that if Lonrho was to donate funds to a political party, he would choose the Social Democratic Party, most definitely not the Conservatives. But, he says, "my support would probably do David Owen (Social Democratic Party leader) more harm than good."

Rowland does not smoke and drinks only moderately. He does not attend parties and avoids public appearances, preferring instead to be at home with his family, away from London, in Buckinghamshire. Associ-





Tiny's team: Front row, from left: A.H. Ball, deputy chairman, Lord Duncan-Sandys, president, Sir Edward Du Cann, chairman, and Tiny Rowland, managing director and chief executive.

ate and multi-millionaire, "Union" Jack Hayward – so called because he reportedly fell in love with Thatcher over her handling of the Falklands war – says: "Tiny lives, sleeps and dreams Lonrho. He has no hobbies. I have never heard him say he is going off golfing, for example."

Tiny Rowland is a paradox. He signs himself "Tiny". He is six feet two inches tall, a commanding figure. In his perfectly pressed suits and crisp, white, laundered shirts he looks the classic Establishment man. Yet, he is also Rowland the Rebel, so he often wears a blue cardigan under his suit. He has a phenomenal memory and head for figures. Rowland does not keep a diary. He just does whatever is most important at the time. Long-time associate, stockbroker Robin D'Abo, says: "He has mesmerising charm. His great forte is to get people to work for him in the most loyal and dedicated way." Rowland likes to talk frankly and he cannot abide pomposity. The charm quickly gives way to anger if he does not get his own way.

He runs the company on a decentralised system from modest, slightly shabby offices in Cheapside House, in the City of London. A small management team monitors Lonrho's 125 worldwide operations. It is in constant touch by telephone with all its outposts. Each of the company's 26 profit centres send detailed monthly reports to head office. The centre's record is checked against its own three-year budget plan. Each subsidiary is allowed to spend up to 2 per cent of its net worth. Rowland says: "Our financial controls are very good, better than most British companies."

Having an office in the heart of the City is a typically defiant gesture. Rowland despises the conservatism and caution of the City. For its part, the City has not forgiven Rowland for, in its view, giving capitalism a bad name. Such is Rowland's dominance of

Lonrho today, that it is impossible to conceive that just 13 years ago, he very nearly lost his seat on the Lonrho board. Liquidity problems in Africa and criticism of Lonrho's accounting methods prompted a group of directors, led by Sir Basil Smallpeice, to demand Rowland's resignation. It was one of the nastiest boardroom battles the City has ever seen. For weeks the popular press was full of the details of the lifestyles of Lonrho directors. Revelations of off-shore payments and rent-free company-owned houses prompted the then prime minister, Edward Heath, to describe that side of Lonrho as "the unpleasant and unacceptable face of capitalism".

Rowland has never forgotten the lessons of 1973. He emphasises that the company is run by a team of directors and that his door is always open. And, he stresses: "I am a fully paid up member of the Inland Revenue." He vowed never again to allow non-executive directors to sit on his board. He once described non-executive directors as being "like decorations on a Christmas tree". Smallpeice was a non-executive director. As a former chairman of Cunard, he was a member of the Establishment. Rowland did not want him on his board but the Bank of England insisted he should join.

It is impossible to assess the damage inflicted upon Lonrho by Heath's remark. The phrase stuck, and 13 years on, it is still remembered, endlessly repeated and misinterpreted. But what Lonrho was doing was not exceptional for other British companies at that time. Lonrho's mistake was to be caught. Because Rowland and Lonrho are synonymous, his every move since then has been dogged with the "unacceptable" tag. He is also seen as the arch-capitalist. But, he claims: "I am not a basic capitalist and I am not a basic communist."

For years, most British institutional in-

vestors refused to hold Lonrho stock. Officially, they blamed the company's concentration in Africa, and the poor quality of its earnings, as the reason, but they also did not want to be seen to be investing in a company that had been branded "unacceptable" by a Conservative prime minister. Before the 1980s, Lonrho had hardly any institutional shareholders. Today, it proudly points to the 35-plus institutions, each holding a million or more of its shares, as evidence of its new acceptability.

# B

ut Lonrho and Rowland are still out in the cold. The reasons for Rowland's and the Establishment's mutual distrust for each other go back far longer than 1973. Rowland is not English. His real name is Roland Walter Fuhrhop. He was born to a German father and English mother in India in 1917. The family moved to Germany and his father's trading business prospered. In 1934, Roland was sent to England, to public school in Hampshire. The rest of his family joined him in 1936, to escape the Nazis, even though they were not Jewish. Immediately after the outbreak of war, Roland changed his surname to Rowland. As German aliens, Roland and his parents were interned on the Isle of Man. Rowland's mother never left the internment camp – she died there in 1945. In 1948, an embittered Tiny Rowland left Britain. He settled in Rhodesia.

Rowland admits that, but for Rhodesia Prime Minister Ian Smith's illegal declaration of independence in 1965, which isolated Rhodesia from the rest of the world, he and Lonrho would still be based there. Africa still accounts for 48 per cent of Lonrho profits and much more than 50 per cent of Rowland's time. He spends more than 1,000 hours a year in the company's Gulfstream III jet – the equivalent of three hours a day – usually over Africa. Rowland thinks nothing of flying to Africa for a one-hour meeting. Often, he will extend a one-day visit into a week-long continental tour. Rowland is never far from Lonrho – the plane has its own telephone. It even has beds on board. His pilot says that Rowland has visited at least 127 African airports.

Lonrho operates in 16 African countries. As well as being the continent's largest food producer, it brews beer in Malawi and Zambia; distributes foreign cars in South Africa, Kenya, Zambia and Zimbabwe; bottles Coca-Cola in Zambia; distributes pharmaceuticals in Nigeria; and operates the Ashanti gold mine in Ghana and the Western Platinum mine in South Africa. Even a short list of Lonrho's major activities in the region does not reflect the true extent of its interest there. Says Jack Hayward: "Tiny is the old-fashioned merchant prince of Africa." Rowland acknowledges that: "Af-



...very generous to us."  
Rowland arrives in Africa, he is home. He can deal on his own terms, without worrying about the reaction of a class-ridden Establishment. But it is Rowland's contacts with African leaders, both black and white, that makes him unique. SDP leader David Owen says: "Tiny Rowland loves Africa and has a unique range of friendships with African leaders". And, he adds: "Through Lonrho many Africans have had the chance to make money for themselves and to build up the economy of their countries." Last month Lonrho announced its latest African deal. In a package negotiated with Uganda's President Yoweri Museveni, Lonrho will market his country's coffee, help finance its cotton industry and build a pipeline from Kenya to Kampala.

Rowland courts the support of the African leaders. He thinks nothing of flying from Nairobi to Lusaka, and on to Pretoria before stopping off in Lagos on the way back to London. Rowland supported Joshua Nkomo for the leadership of the newly-independent Zimbabwe. When Robert Mugabe won the post-independence election, his first visitor, ahead of the press and diplomatic representatives, was Tiny Rowland. And Lonrho's head in Zaire, Thomas Kanza - himself an ex-London diplomat who opened Zaire's embassy in London 20 years ago - says: "You cannot begin to see Lonrho from within Europe. You have to judge Lonrho from within Africa. I sit in the middle of nine countries which do not even talk to each other, yet only Lonrho can set up horizontal and vertical communications."

Rowland claims that leaders like Kenneth Kaunda, Hastings Banda, Arap Moi and P.W. Botha listen to him because they know that he is apolitical. He is just as active in South Africa as anywhere else. Privately he would like to see the removal of apartheid. But, he says: "I cannot foresee any reason to pull out of South Africa. My pulling out will not change South Africa." He may be apolitical but Rowland likes to play politics.

**M**ervyn Greenway, of the stockbrokers Capel-Cure Myers, describes Rowland as, "the best foreign secretary Britain never had. There are no doors he cannot open at the prime minister level." However, for all his straight talking and diplomatic skills, the door of 10 Downing Street remains firmly closed to him. Rowland says: "We have had a comprehensively bad deal from this government." When asked why he should be *persona non grata* in Whitehall, Rowland says: "There is a huge element of jealousy, particularly in the Foreign Office". He explains: "I know more about Africa than any British ambassador." Rowland won himself no favours with the

### Lonrho has just 2 per cent of the bed linen market. House of Fraser had 2 per cent of the UK textiles market, yet Lonrho lost HOF on a 'competition issue'.

Foreign Office when, in 1976, he brought legal actions against BP and Shell, alleging they had broken government-imposed sanctions against Rhodesia. The present UK government does not like Rowland's meddling in African affairs.

Rowland has had his grand plans for Lonrho before, and they have come to nothing. So far there is only the Lonrho/Anderson US oil deal to indicate that this time he means business. A lot must depend on the Libya deal. Rowland once put Lonrho forward as possible oil consultants to the Organisation of African Unity, with all the opportunities for the company that would entail. And, Lonrho still jointly owns the patent for the Wankel Rotary Engine which was never the moneyspinner it was meant to be. Rowland has talked about buying Rolls-Royce and *The Times*. Analyst Bob Carpenter of stockbrokers Kitcat & Aitken says: "Tiny Rowland is the man who wanted to buy Rolls-Royce and ended up with Jack Barclay, the Rolls-Royce distributor. He is the man who wanted to own Harrods but could only get 30 per cent of House of Fraser. And, he is the man who wanted to own *The Times* but had to make do with *The Observer*." Rowland shrugs, spreads his palms, and says: "I haven't done too badly".

The fact remains that Rowland has never translated his grand designs into grand profits. Lonrho is Rowland's third career. He was already wealthy, thanks to a successful refrigeration business, when he left the UK in 1948. Before joining Lonrho, he was more than "a smart farmer". He had the franchise to distribute Mercedes cars in Rhodesia, as well as gold and copper mining interests, plus a lucrative consultancy arrangement with Rio-Tinto Zinc.

While he has transformed Lonrho, it is not the world force he suggests. He is not a Murdoch, for example, and he is virtually unknown in the US. At 69 he may have left his plans too late. There is another threat to Rowland apart from his age. Earlier this year takeover rumours swirled around Lonrho. Rowland says: "I will match anyone share for share who bids for this company." He and his colleagues were concerned at heavy buying of Lonrho stock in the US. They discovered the buyers to be Heine Securities in New York. Heine invests on behalf of mutual funds. With nearly 9 per cent, it is now the second largest shareholder in Lonrho. At the a recent meeting, the

Lonrho board asked Heine to explain its reasons for its interest in Lonrho. The Lonrho board was relieved to hear that Heine has strict limits on its investments. It can only buy up to 30 per cent of any company.

Heine's chief operating officer, Michael Price, says: "We specialise in investing in under-valued companies." Lonrho has never enjoyed a high stockmarket rating. Its share price is currently £2.40 but analysts claim its break up value is £7 a share. Price says: "I am a big believer in a company selling off its assets. The share price in Lonrho would rise if the company sold some of its assets." He adds: "The price would rise if there was change in you know who."

Tiny Rowland is Lonrho's biggest asset - but also one of its biggest liabilities. Kitcat's Carpenter says: "Lonrho's brush with the Establishment has done the company great harm. All the things that Hanson Trust has done Lonrho could have done as well. Every time Lonrho does anything the question of Tiny's personality arises."

Rowland shows no sign of stepping down. He is now working harder than ever. He dominates his fellow directors, some of whom were plucked from relative obscurity by Rowland. He says: "We have been through the flame and the fire together." With an average age of 55 there is little young talent on the board. Lonrho watchers are always looking for any sign that Tiny Rowland has chosen a successor. But he remains impassive. Tom Ferguson of Kuwait's Gulf Fisheries, formerly the second largest shareholder in Lonrho, after Rowland, says: "My biggest regret was that Tiny conducted his affairs with the De Gaulle complex. He never groomed a successor. There is no obvious candidate, because the management structure has prevented anyone coming to the fore."

Carpenter says: "While Rowland is there, the other directors would not dare to jockey for position. The key to a Lonrho without Rowland is his wife." In 1968, the 51-year-old Rowland married Josie, the 24-year-old daughter of his Rhodesian farm manager. Rowland says: "Lonrho has been her life for 25 years." He claims to have made Josie promise that she will not sell his shares for 10 years after his death.

Observers point to Terry Robinson, 42, as the man most likely to succeed Rowland. Robinson is ambitious and oversees Lonrho's vastly successful UK operations. Some point to Robert Dunlop as the man to succeed Rowland in Africa. Rowland himself claims that one person will not take his place. He says that Lonrho will follow Shell where, after the death of its founder, Deterring, a committee of managing directors took over. Without Rowland, Lonrho will change. None of his directors share his obsession with Africa. None of them have his negotiating flair or experience. Says an observer: "Lonrho will go back to being a very ordinary company." But, perhaps, a very ordinary company running an oil industry for Colonel Moammar Gaddafi. □